

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549



04029732

FORM 11-K

☒ ANNUAL REPORT PURSUANT TO SECTION 15 (D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

☐ TRANSACTION REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-7283

- A. Full title of the plan and the address of the plan, if different from that of the Issuer named below:

**REGAL-BELOIT CORPORATION PERSONAL SAVINGS PLAN  
200 STATE STREET  
BELOIT, WISCONSIN 53511**

- B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

**REGAL-BELOIT CORPORATION  
200 STATE STREET  
BELOIT, WI 53511**

**PROCESSED**

JUL 01 2004

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FINANCIAL

REQUIRED INFORMATION

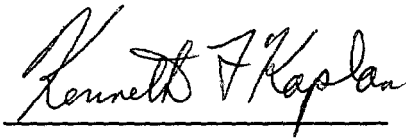
Regal-Beloit Corporation Personal Savings Plan ("Plan") is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements and schedules of the Plan for the two fiscal years ended December 31, 2002 and 2003, which have been prepared in accordance with the financial reporting requirements of ERISA, are attached hereto and incorporated herein by this reference.

## SIGNATURES

The Plan. Pursuant to the requirements of the Securities and Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

### REGAL-BELOIT CORPORATION PERSONAL SAVINGS PLAN

By: REGAL-BELOIT CORPORATION Personal Savings Plan Administrative  
Committee and Plan Administrator.

A handwritten signature in cursive script, reading "Kenneth F. Kaplan", written over a horizontal line.

June 25, 2004

Kenneth F. Kaplan

A handwritten signature in cursive script, reading "Fritz Hollenbach", written over a horizontal line.

June 25, 2004

Fritz Hollenbach

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 33-25233 of Regal-Beloit Corporation on Form S-8 of our report dated May 21, 2004, appearing in this Annual Report on Form 11-K of Regal-Beloit Corporation Personal Savings Plan for the year ended December 31, 2003.

*Deloitte & Touche LLP*

Milwaukee, Wisconsin  
June 23, 2004

**REGAL-BELOIT CORPORATION  
PERSONAL SAVINGS PLAN**

**Financial Statements for the Years Ended  
December 31, 2003 and 2002, Supplemental  
Schedule as of December 31, 2003 and  
Report of Independent Registered Public  
Accounting Firm**

# REGAL-BELOIT CORPORATION PERSONAL SAVINGS PLAN

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All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator of the  
Regal-Beloit Corporation Personal Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Regal-Beloit Corporation Personal Savings Plan (the "Plan") as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2003 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

May 21, 2004

# REGAL-BELOIT CORPORATION PERSONAL SAVINGS PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS DECEMBER 31, 2003 AND 2002

	2003	2002
ASSETS:		
Cash	\$ 552	\$ 459
Investments, at fair value:		
Mutual Funds	26,225,713	10,868,490
Common Collective Trust	18,299,352	6,943,499
Investment in Master Trust	10,632,911	5,469,309
Participant Loans	<u>1,196,803</u>	<u>1,080,064</u>
Total investments	56,354,779	24,361,362
Receivables:		
Participant contributions	42,219	19,573
Employer contributions	719,898	-
Accrued interest and dividends	69,611	32,689
Due from brokers	<u>108,097</u>	<u>16,237</u>
Total receivables	<u>939,825</u>	<u>68,499</u>
Total assets	57,295,156	24,430,320
LIABILITIES:		
Due to brokers	87,897	16,146
Accrued administrative fees	<u>3,100</u>	<u>3,100</u>
Total liabilities	<u>90,997</u>	<u>19,246</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$57,204,159</u>	<u>\$24,411,074</u>

See notes to financial statements.

# **REGAL-BELOIT CORPORATION** **PERSONAL SAVINGS PLAN**

## **STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS** **YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
CONTRIBUTIONS:		
Employer contributions	\$ 1,215,435	\$ -
Participant contributions	2,212,526	2,026,359
Participant rollovers	92,743	2,180
	<u>3,520,704</u>	<u>2,028,539</u>
Total contributions	3,520,704	2,028,539
TRANSFERS FROM OTHER COMPANY PLANS	-	58,324
INVESTMENT INCOME (LOSS):		
Interest and dividends	599,346	538,647
Net appreciation (depreciation) in fair value of investments	4,217,667	(2,867,034)
Master trust income (loss)	1,395,579	(135,734)
	<u>6,212,592</u>	<u>(2,464,121)</u>
Total investment income (loss)	6,212,592	(2,464,121)
DEDUCTIONS:		
Benefits paid to participants	3,062,896	2,692,386
Administrative fees	23,678	31,149
Transfers to other Company plans	10,782	17,506
	<u>3,097,356</u>	<u>2,741,041</u>
Total deductions	3,097,356	2,741,041
TRANSFER DUE TO PLAN MERGER (Note 1)	<u>26,157,145</u>	<u>-</u>
NET INCREASE (DECREASE)	32,793,085	(3,118,299)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>24,411,074</u>	<u>27,529,373</u>
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$57,204,159</u>	<u>\$24,411,074</u>

See notes to financial statements.



# REGAL-BELOIT CORPORATION PERSONAL SAVINGS PLAN

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2003 AND 2002

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### 1. DESCRIPTION OF PLAN

The following description of the Regal-Beloit Corporation Personal Savings Plan (the "Plan") is provided for general information purposes only. More complete information regarding the Plan's provisions may be found in the Plan document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

**General**—The Plan is a defined contribution plan which allows eligible employees to defer compensation as permitted under Section 401(k) of the Internal Revenue Code (the "IRC"). The Plan covers substantially all employees of Regal-Beloit Corporation (the "Company") with at least six months of service with the Company and who are not covered by a collective bargaining agreement.

Effective November 24, 2003 the Regal-Beloit Profit Sharing Plan merged into the Plan. Assets transferred at that date were \$26,157,145.

**Plan Administration**—Marshall & Ilsley Trust Company (the "Trustee") is trustee, custodian, and recordkeeper of the Plan. The Plan is administered by the administrative committee, which is appointed by the Board of Directors of the Company.

**Contributions**—Eligible employees can contribute an amount up to 100% of compensation as defined by the Plan, subject to certain limitations under the IRC. The Plan also allows "catch-up" contributions for those participants age 50 and over, in addition to the maximum deferral amount. Effective January 1, 2003, the Company instituted an employer match equal to 50% of the first 3% of a participant's deferral. The Plan also provides for discretionary Company contributions subject to the Board of Director's authorization to be allocated to an individual participant's account based on the proportion of the participant's compensation to the total compensation of all participants. A discretionary contribution of \$708,587 was made to the Plan for 2003. The Board did not authorize any discretionary contributions in 2002.

**Vesting**—Participants at all times have a fully vested interest in their individual contribution accounts. Effective January 1, 2003, Company matching and discretionary contribution accounts are subject to a 3 year cliff vesting schedule, based on date of hire. Prior to January 1, 2003, all amounts were fully vested.

**Forfeited Accounts**—Forfeited nonvested accounts totaled \$0 at both December 31, 2003 and 2002. In the event of a forfeited account, the forfeitures are first used to pay Plan expenses for the Plan Year following the Plan Year in which the forfeitures occur. Any remaining forfeitures are used to reduce employer contributions in the Plan Year following the Plan Year in which the forfeitures occur.

**Benefit Payments**—Distributions of participants' accounts are made in lump-sum amounts upon normal retirement from the Company, upon the death of the participant or upon termination of employment. Withdrawals for financial hardship can be made in accordance with certain governmental regulations.

**Participant Accounts**—Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and allocations of Company discretionary contributions and Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Investment Options**—Prior to October 1, 2002 participants were able to direct all contributions in 1% increments into any of the following investment options held by the Trustee. This election could be changed on any business day, but only once per calendar quarter. Effective October 1, 2002, participants are able to change their investment options in 1% increments, 12 times per quarter.

The following funds are available to participants: M&I Stable Principal Fund, Regal-Beloit Corporation Master Trust, Strong Opportunity Fund, Pimco Total Return Fund, Dodge & Cox Balanced Fund, Vanguard Index TR 500 Portfolio, AIM Basic Value Fund Class A, Baron Asset Fund—Growth & Income Fund, Templeton Foreign Fund and ABN AMRO/Chicago Cap Growth Fund Class N.

**Participant Loans**—The Plan permits a participant to borrow from his or her individual account an amount limited to 50% of the vested account balance for participants up to \$50,000. The minimum loan amount is \$1,000. Interest at prevailing market rates (ranging from 4.0% to 11.0% as of December 31, 2003 and 4.25% to 11% as of December 31, 2002) is charged on the loan. Only one loan is allowed at any one time, and the maximum term is five years, unless the loan is used for the acquisition of the participant's primary residence, for which the term of the loan may be extended beyond the five year period.

**Plan Termination**—The Company may terminate the Plan at any time. Distribution upon termination or complete discontinuance of contributions will be made in a manner selected by the Trustee. Presently, the Company has no intention to terminate the Plan. In the event that the Plan is terminated, participants would become 100% vested in their accounts.

## 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

**Investments**—Investment purchases and sales are recorded on the trade date. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Plan investments, except the M&I Stable Principal Fund, are reported at fair value as determined through reference to published market values. The M&I Stable Principal Fund is a common collective trust that invests in fully benefits responsive investment contracts. The investment is valued at contract value which approximates fair value. Participant loans are stated at cost which approximates fair value.

**Benefit Payments**—Benefit payments to participants are recorded when paid. There were no amounts payable to participants who elected to withdraw from the Plan but had not been paid at December 31, 2003 and 2002.

**Use of Accounting Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of Plan assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates.

The Plan invests in various securities. Investment securities are exposed to various risks including, but not limited to, interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could be material to the financial statements.

**Administrative Expenses**—The Plan pays all administrative expenses.

**Transfers**—Along with the Plan, the Company also sponsors several other 401(k) plans. If an employee's status changes during the year, their account balance is transferred into the corresponding plan.

**Reclassifications**—Certain 2002 amounts have been reclassified to conform to the 2003 presentation.

### 3. INVESTMENTS

The following presents investments that represent five percent or more of the Plan's net assets as of December 31, 2003 and 2002. All investments are participant directed.

	December 31,	
	2003	2002
M&I Stable Principal Fund*, 18,299,352 and 6,943,499 shares, respectively	\$ 18,299,352	\$ 6,943,499
Regal-Beloit Corporation Master Trust*, 419,430 and 236,749 units, respectively	10,632,911	5,469,309
Strong Opportunity Fund, 237,996 and 153,740 shares, respectively	9,388,951	4,412,351
Dodge & Cox Balanced Fund, 77,471 and 38,768 shares, respectively	5,658,482	2,355,151
ABN AMRO/Chicago Cap Growth Fund Class N, 176,030 and 83,076 shares, respectively	3,867,380	1,501,187
Pimco Total Return Fund, 294,352 and 150,158 shares, respectively	3,152,514	1,602,181

\*Represents party-in-interest.

During 2003 and 2002, the Plan's investments except investment in the Master Trust (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	2003	2002
Net appreciation (depreciation) in fair value of investments:		
Mutual Funds	\$ 4,217,667	\$ (2,867,034)

#### 4. INVESTMENT IN MASTER TRUST

The Plan's investment in Company stock is commingled with the investment in Company stock of four other Company plans in the Regal-Beloit Corporation Master Trust (the "Master Trust"). Investments of the Master Trust are carried at fair value as determined by the Trustee through reference to published data. Fees and expenses relating to investment transactions are allocated by the Trustee to the participating plans based on each plan's proportionate share of Master Trust assets. Earnings and market adjustments relating to investment transactions are allocated by the Trustee to the participating plans based on each plan's specific share of Master Trust assets.

The fair value of the assets held in the Master Trust as of December 31, 2003 and 2002 is as follows:

	2003	2002
Regal-Beloit Corporation Common Stock	\$ 12,306,888	\$ 11,484,443
Marshall Money Market Fund	123,023	214,748
Accrued income	88,992	-
	<u>\$ 12,518,903</u>	<u>\$ 11,699,191</u>
Total assets of the Master Trust		

At December 31, 2003 and 2002, the Master Trust held 559,404 and 554,804 shares of Regal-Beloit Corporation Common Stock, respectively.

Allocations of assets of the Master Trust to participating plans as of December 31, 2003 and 2002 are as follows:

	2003		2002	
	Amount	Percent	Amount	Percent
Regal-Beloit Corporation Personal Savings Plan	\$ 10,632,911	84.93 %	\$ 5,469,309	46.75 %
Regal-Beloit Corporation Profit Sharing Plan	-	0.00	4,573,491	39.09
Marathon Electric Salaried Employees' 401(k) Savings Plan	937,251	7.49	798,430	6.82
Regal-Beloit Corporation Savings and Protection Plan	624,402	4.99	663,052	5.67
Marathon Electric 401(k) Savings Plan	276,723	2.21	194,905	1.66
Leeson Electric 401(k) Plan	47,616	0.38	4	0.01
Total Assets of the Master Trust	<u>\$ 12,518,903</u>	<u>100.00 %</u>	<u>\$ 11,699,191</u>	<u>100.00 %</u>

Master Trust income (loss) for the years ended December 31, 2003 and 2002 is as follows:

	2003	2002
Investment income (loss):		
Interest and dividend income	\$ 330,491	\$ 210,443
Net appreciation (depreciation) in fair value of Regal-Beloit Corporation common stock	<u>958,218</u>	<u>(468,464)</u>
Total Master Trust income (loss)	<u>\$ 1,288,709</u>	<u>\$ (258,021)</u>

A pro rata portion of this income (loss) has been allocated to the Regal-Beloit Corporation Personal Savings Plan.

#### **5. GUARANTEED INVESTMENT CONTRACTS**

The Plan invests in the M&I Stable Principal Fund. The M&I Stable Principal Fund primarily invests in guaranteed investment contracts and synthetic guaranteed investment contracts, which are fully benefit-responsive. Fully benefit-responsive investment contracts are valued at contract value, which represents the principal balance of the investment contracts, plus accrued interest at the stated contract rate, less payments received and contract charges by the insurance company, which approximates fair value.

#### **6. INCOME TAX STATUS**

The Plan uses a prototype plan document sponsored by the Trustee. The Trustee received an opinion letter from the Internal Revenue Service (IRS), dated November 27, 2001, which states that the prototype document satisfies the applicable provisions of the IRC. The Plan itself has not received a determination letter from the IRS. However, the Plan's management believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income tax has been included in the Plan's financial statements.

#### **7. RELATED PARTY TRANSACTIONS**

Plan assets are invested in a common collective fund managed by the Trustee. In addition, the Plan's Master Trust invests in securities of the Company. These transactions are not considered prohibited transactions by statutory exemption under ERISA regulations. Fees paid by the Plan for investment management services are included as a reduction of Plan assets.

# **8. RECONCILIATION OF NET ASSETS TO FORM 5500**

The following table reconciles the statements of net assets available for benefits and the statements of changes in net assets available for benefits to the Form 5500.

	December 31,	
	2003	2002
Net Assets Per Modified Cash Basis Form 5500	\$56,445,142	\$24,394,601
Contributions Receivable	762,117	19,573
Accrued Administrative Fees	<u>(3,100)</u>	<u>(3,100)</u>
Net Assets Per Statement of Net Assets Available for Benefits	<u>\$57,204,159</u>	<u>\$24,411,074</u>
	Year Ended December 31,	
	2003	2002
Contributions per Modified Cash Basis Form 5500	\$2,778,160	\$2,034,991
Change in Contributions Receivable	<u>742,544</u>	<u>(6,452)</u>
Contributions Per Statement of Changes in Net Assets Available for Benefits	<u>\$3,520,704</u>	<u>\$2,028,539</u>

\* \* \* \* \*

**SUPPLEMENTAL SCHEDULE**  
**FURNISHED PURSUANT TO**  
**DEPARTMENT OF LABOR'S RULES AND REGULATIONS**

**REGAL-BELIOT CORPORATION  
PERSONAL SAVINGS PLAN**

**FORM 5500, SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS  
(HELD AT END OF YEAR)  
DECEMBER 31, 2003**

<b>Identity of Issue, Borrower, Lessor, or Similar Party</b>	<b>Description of Investment</b>	<b>Fair Value</b>
Marshall & Ilsley*	M&I Stable Principal Fund	\$ 18,299,352
Regal-Beloit Stock Fund*	Regal-Beloit Corporation Master Trust	10,632,911
Strong Funds	Strong Opportunity Fund	9,388,951
Dodge & Cox	Dodge & Cox Balanced Fund	5,658,482
ABN AMRO	Chicago Cap Growth Fund Class N	3,867,380
Pimco	Pimco Total Return Fund	3,152,514
Vanguard Group	Vanguard Index 500 Fund	2,664,348
Baron	Baron Asset Fund - Growth & Income Fund	806,033
AIM	AIM Basic Value Fund Class A	446,031
Templeton	Templeton Foreign Fund	241,974
Loans to participants*	Loans (interest rates ranging from 4.0% to 11%)	<u>1,196,803</u>
<b>TOTAL ASSETS (HELD AT END OF YEAR)</b>		<u><u>\$56,354,779</u></u>

\* Represents party-in-interest.